

The Orissa Gazette

EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 1534, CUTTACK, TUESDAY, AUGUST 12, 2008/ SHRAVAN 21, 1930

ENERGY DEPARTMENT

NOTIFICATION

The 8th August 2008

No.8960-OPGC-PPD-TH-97/07/E.—1. Orissa has natural advantage like coal reserves and water availability for encouraging pit head generation of power, which is the most economical source of Thermal Power. So far, 13 MoUs and PPAs have been signed prior to the 30th September 2006 by the State Government with Independent Power Producers (IPPs). Meanwhile, new Tariff Policy of Ministry of Power, Government of India stipulates that all future requirement of power should be procured competitively by distribution licensees except in case of expansion of existing projects. Presently, several other power plants are in the process of coming up in the State through new Independent Power Producers (IPPs), CPSUs like NTPC & NLC and Ultra Mega Power Project (UMPP) route.

2. In view of the above, to formulate procedures and policy guidelines, the task force on power sector held a meeting on the 18th April 2008 and made a number of recommendation on power plants pertaining to 4 critical areas namely; (A) Policy Guidelines for future IPPs who have not signed MoUs, (B) Review of PPA with IPPs who have already signed MoU, (C) Policy Guidelines for establishment of Ultra Mega Power Projects (UMPP), (D) Policy Guidelines for establishment of power plants by CPSUs like NTPC, NLC etc. The task force submitted their recommendations to the State Government and the same were examined by the State Government.

3. After careful consideration of the recommendations of the task force, Government have been pleased to decide the following key features of proposed MoU with future IPPs, with existing IPPs and with UMPPs vis-à-vis existing provisions:

Existing MoU of Orissa (1)	Proposed MoU with future IPPs (2)	Proposed MoU with existing IPPs (3)	Proposed MoU with UMPP (4)
(i) The power generated in excess of 80% PLF from the power plant will be made available to the State at variable cost plus incentive.	(i) This condition will be deleted.	(i) 7% power at variable cost will be made available to the State by the IPPs who have been allocated coal blocks within the State. Others will provide 5% power at variable cost. The variable cost will be determined by the OERC.	(i) This condition will be deleted.
(ii) Infirm power will be made available to the State at variable cost.	(ii) No change.	(ii) No change.	(ii) This condition will be deleted.
(iii) A nominated agency(s) authorized by the State Govt. will have the right to purchase upto 25% of power sent out from the Thermal Power Plant, as per the tariff to be determined by the Regulatory Commission.	(iii) A nominated agency(s) authorized by the State Govt. will have the right to purchase 14% of the power sent out from the Thermal Power Plant at variable cost from the IPPs who have been allocated coal blocks within the State. Others will provide 12% power at variable cost. The tariff for such power will be determined by the OERC.	(iii) No change.	(iii) A nominated agency (s) authorized by the State Govt. will have the right to purchase upto 50% of power from the UMPPs to be set up through competitive biddings, at the lowest bid price only.
(iv) An annual contribution @6 paise per unit of the energy sent out, from the plant, but not sold in the State to be made by the developer towards Environment Management Fund.	(iv) No change.	(iv) No change.	(iv) This condition will be deleted.
(v) Rehabilitation of the land outstees will be in accordance with the new Rehabilitation policy approved by the GoO.	(v) No change.	(v) No change.	(v) No change.
(vi) Nothing mentioned.	(vi) Nothing mentioned.	(vi) Nothing mentioned.	(vi) UMPP should contribute 5% from the profit for peripheral development fund.

4. Government after careful consideration have also been pleased to accept the following additional recommendations of the task force on each of the cases mentioned at Para-2:

(A) POLICY GUIDELINES FOR FUTURE IPPs WHO HAVE NOT SIGNED MoUs

i) Application for new IPPs will be considered on a case to case basis. The cases of renewable energy based power projects (Hydro, Wind, Bio-mass, Solar etc.) will also be entertained.

(B) REVIEW OF PPA WITH IPPs WHO HAVE ALREADY SIGNED MoU

i) The MoUs signed earlier may be modified accordingly including the PPAs signed by GRIDCO with concerned IPPs. However, modification of above provision in MoU will be done by GRIDCO & the IPP on mutual consent.

ii) The progress of existing IPPs will be reviewed strictly as per the conditions of MoU.

(C) POLICY GUIDELINES FOR ESTABLISHMENT OF UMPP

i) UMPP set up through its SPV is required to sign MoU with the State Government for necessary support in getting various clearances and assistances in R&R measures as per State Government policy.

ii) All other terms and conditions of Government of India with respect to development of UMPPs will be applicable.

iii) Allocation of 1300 MW power to State out of proposed UMPP project of 4000MW near Bhedabahal was accepted as the decision made earlier by MoP.

(D) POLICY GUIDELINES FOR ESTABLISHMENT OF POWER PLANTS BY CPSUs LIKE NTPC & NLC

i) Government of India guidelines on sharing of power shall be followed and the tariff will be as per CERC guidelines.

ii) State Government will get 10% home state share from the plant in addition to around 20% share through Gadgil formula by Ministry of Power, Government of India.

iii) Government of India will be approached for 15% discretionary power from NTPC, Kaniha while agreeing to the proposal of NTPC in Ib valley.

iv) NTPC/ CPSUs will not contribute @6 paise per unit of the energy sent outside the State from the plant towards Environment Management Fund.

v) However, NTPC/ CPSUs should contribute 5% from the profit for peripheral development fund.

vi) NTPC / CPSUs will follow their own R&R policy in consultation with State Govt. which should not be inferior to the R & R policy of the State Govt.

vii) NTPC/ CPSUs will apply to the nodal agency, IPICOL and other State Government agencies for obtaining necessary Government approval.

viii) Land and water requirement should be as per new CEA Guideline.

By Order of the Governor

SURESH CHANDRA MAHAPATRA

Commissioner-cum-Secretary to Government